

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**August 24, 2007**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-12738**

**In the Matter of**

**NEXT FINANCIAL GROUP,  
INC.,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTIONS 15(b) AND 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against NEXT Financial Group, Inc. (“Respondent” or “NEXT”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.     **NEXT Financial Group, Inc.**, a broker-dealer headquartered in Houston, Texas, is a wholly owned subsidiary of NEXT Financial Holdings, Inc., a privately-held company. The company is owned and controlled by its registered representatives and employees. NEXT has over 700 registered representatives nationwide. NEXT has been registered with the Commission as a broker-dealer since June 1999. NEXT’s registered representatives are primarily retail salespersons and financial planners classified as independent contractors.

**B.     FACTS**

1.     NEXT recruits new registered representatives (“recruits”), encouraging them to leave their current broker-dealer and bring their current customers to NEXT, before customers had consented to the disclosure of their nonpublic personal information, or to the transfer of their account. To facilitate this process, NEXT devotes a team of employees to assist incoming









